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C O N F I D E N T I A L SECTION 01 OF 04 PANAMA 000802

SIPDIS

DEPARTMENT FOR WHA/CEN/BRIGHAM

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TAGS: PREL PGOV ETRD PM POL CHIEF

SUBJECT: PANAMA'S DEMOCRATIC REVOLUTIONARY PARTY (PRD) AND MARTIN TORRIJOS -- WHERE WILL THEY LEAD PANAMA? WHAT DOES THAT MEAN FOR U.S. INTERESTS?

REF: A. PANAMA 0040

1B. PANAMA 0145

1C. PANAMA 0615

1D. 03 PANAMA 3294

Classified By: AMBASSADOR LINDA WATT FOR REASONS 1.5 (B) AND (D).

SUMMARY

11. (C) The prospect of a PRD government assuming power on September 1 is high, barring an unforeseen development. Martin Torrijos enjoys a big lead in the polls barely four weeks before Panama's May 2 presidential election. According to many observers, Martin has consolidated his control over the PRD after wresting it away from former president Ernesto Perez Balladares (EPB). Today's PRD, dominated by Martin and his friends, is quite different from the 1979-1989 political arm of the now-defunct Panama Defense Forces and dictators Omar Torrijos (Martin's father) and Manuel Noriega. Embassy believes that Torrijos will keep PRD radicals -- the anti-U.S. nationalist/leftist intellectuals known as "La Tendencia" -- and high-level EPB supporters on the sidelines.

A Torrijos government would actively pursue and advance shared bilateral interests in security and law enforcement matters and free trade policy, and views Canal expansion as a priority. Whether and to what degree Torrijos will be an effective agent of anti-corruption and social change in Panama remains to be seen. End Summary

Martin's PRD

12. (SBU) With over 400,000 members, the PRD is Panama's oldest, biggest, most disciplined, and best organized political party. (See Ref A). PRD candidates garnered 33% of the presidential vote in 1994 and 38% in 1999, when Martin Torrijos lost to Mireya Moscoso. Although EPB kept control of the party during Martin Torrijos's failed 1999 presidential bid, Torrijos wrested it away from him later that year and has effectively controlled it ever since. Martin has democratized the party, which now chooses its candidates in open primaries. At the same time, he has promoted his close friends and schoolmates, many of whom have strong U.S. connections like himself, to positions of prominence. Although a last-minute "April surprise" is not out of the question, all indications suggest that Martin Torrijos will defeat his opponents by a solid margin. As the youngest candidate in the race, Torrijos (age 40) appeals to Panama's thousands of youthful voters. (Note: Over 55% of Panama's registered voters are under 40 years old. End Note.) The PRD also looks set to control the Legislative Assembly, possibly with the help of its Partido Popular (PP) ally.

Who is Martin Torrijos?

13. (SBU) Martin Torrijos is running for president of Panama because of his last name. The son of Panamanian dictator Omar Torrijos and Xenia Espino, a former Air Panama flight attendant who was not his wife, Martin Torrijos was born in 1963. Omar Torrijos recognized Martin as his son when he was in his teens, and sent him to St. John's Military Academy in Wisconsin. Martin, who spent ages 15-29 (1978-1992) mostly in the United States, earned bachelors degrees from Texas A&M in political science (1986) and economics (1988). (He married Vivian Fernandez Bello, whose parents are Cuban, in 1990. They have three children, Daniella, Martin Jr., and Nicolas.) Until EPB called him back to Panama to help reorganize the PRD in 1992, Martin spent four years managing a McDonald's restaurant in Chicago. Martin eventually became PRD Youth Committee chairman. When EPB became president in 1994, he named Martin as vice minister of government and justice. After EPB lost a 1998 referendum to permit him to

run for another term, EPB grudgingly allowed Torrijos to run for president in 1999.

A Credible Democratic Ally

14. (C) The PRD under Torrijos has forged an electoral alliance with the Partido Popular (the ex-Christian Democrats), historically the fiercest and most consistent foe of Panama's military governments and the PRD. The PP's retired chief, ex-vice president Ricardo Arias Calderon, recently told POL Counselor, that he initially shunned Torrijos, as the son of the dictator who exiled him from Panama in 1969 but he changed his mind after meeting Martin. "I made a mistake," Arias Calderon said. "He's (Martin) a good man. He's the son of his mother, not the son of his father." Martin sometimes is excessively cautious and takes too long to make decisions, the veteran politician added, but he has demonstrated his political "claws" in taming the PRD to his will.

Torrijos, the PRD, and U.S. Interests

15. (C) Martin Torrijos has shown every indication of his intention and his ability to work closely with U.S. officials should he and his party assume the presidency. His advisors have told us that Martin's supreme foreign policy priority is to maintain good relations with the United States, pursuing mutual interests in security and law enforcement matters, free trade, and Canal expansion. (Note: Embassy is doing due diligence on rumors of possible choices for key positions in a future government. See Ref C. EmbOffs will use the four months between the May 2 election and the September 1 inauguration to bolster contacts with whichever party wins so that we can ensure a smooth transition to the new administration. End Comment.)

Good Choices for VP

16. (C) Most observers agree that Martin made good VP choices. For first vice president, he chose non-politician Samuel Lewis Navarro, son of former Noriega foreign minister (later anti-Noriega exile) Gabriel Lewis Galindo. The PRD's chief "Gringo handler," the articulate, intelligent, pro-U.S. Lewis Navarro is a successful businessman with multi-national interests in fruit and packaging. He also is rumored as Martin's first choice for foreign minister. (See Ref B.) Martin's candidate for second vice president is soft-spoken Partido Popular chief Ruben Arosemena. Arosemena is rumored to be slated for anti-corruption coordinator in a Torrijos government.

Martin's Anti-Corruption Credentials

17. (C) Martin has little credibility so far on his pledge to reduce corruption. The prior PRD administration under EPB was notably corrupt and after five years out of power, PRD stalwarts are hungry for power and its perquisites, observers say. Martin's first cousin, Hugo Torrijos, until recently Martin's campaign manager and finance chief, is heavily implicated in a multi-million dollar scandal involving Ports Engineering and Construction Company (PECC -- See Ref D). Many observers think that Martin himself may be implicated in the multi-million dollar CEMIS scandal (although we have not seen any evidence yet to support these allegations). Martin is rumored to have a mutual non-prosecution pact with Mireya Moscoso. Martin skillfully handled the PRD primaries, but opponents have criticized him for promising government jobs to primary losers to keep them in the party.

A Dictator's Creation

18. (SBU) The Partido Revolucionario Democratico (PRD) was founded on October 3, 1979 as the political arm of the Panama Defense Forces, eleven years after an October 1968 military coup brought the military to power, and one year after the Carter-Torrijos treaties forced dictator Omar Torrijos to tolerate the reemergence of political parties. The PRD flourished under the military, who used it to staff a bloated government bureaucracy, supply puppet presidents, distribute patronage, and spy on the populace. Through a rigged and repressed political system, the PRD provided Panama's dictators with a democratic "cover story" and "anti-imperialist" (read anti-U.S.) ideology and rhetoric to enhance their image and lend them international respectability.

¶9. (SBU) After Operation Just Cause ended Panama's dictatorship in December 1989, the PRD lapsed into sullen opposition and disarray, and led violent but politically fruitless anti-U.S. demonstrations to protest the loss of life associated with the U.S. invasion. In 1994, former close Noriega crony Ernesto Perez Balladares (EPB) squeaked by to win the presidential election with just 33% of the vote in a crowded and divided field.

Dictator Dad

¶10. (C) A 2004 PRD campaign poster attempt's to capitalize on Omar's lingering mystique with certain voters, showing Martin giving a speech superimposed on a photo of his uniformed dictator dad puffing on a cigar. Despite his role in the destruction of Panama's democracy, Omar Torrijos (who died in a 1981 plane crash) was popular with poor Panamanians, who saw him as the scourge of the traditional "rabiblanco" ("white-tailed") upper class. Omar Torrijos connived with the rich, bankrupted the country and stole it blind, while engaging in drug running and other kinds of criminal activities, but many poorer Panamanians benefited from his policies to expand the bureaucracy and to reduce racial discrimination. The core PRD constituency is still about one-third of the electorate. But at least one-third of Panamanians regard the PRD as an anathema and they would never vote for it.

What About "La Tendencia"?

¶11. (C) The PRD, Panama's oldest party, ran the government for 15 years (1979-89 and 1994-99), much longer than any other Panamanian party. Many former high PRD officials were associated with an internal grouping of anti-U.S. "leftist," pro-dictatorship intellectuals known as "La Tendencia." Although the term is less often used today than in the past, most of the individuals associated with La Tendencia are still around. An informal rule-of thumb puts internal PRD support for La Tendencia at 15-20% and for EPB at around 20%, leaving the pro-Torrijos faction with 60-65%.

EPB "in a Box"

¶12. (C) Ambitious, arrogant, corrupt, wily former president Ernesto Perez Balladares (EPB), who openly flaunts his ill-gotten wealth, is still a force to be reckoned with in the PRD, although his political career has fizzled. EPB wants to be president again, although he lost a 1998 referendum to permit him to hold two terms by a 3-to-1 margin, and he still has his sights set on the 2009 election. To that end he repeatedly attempted to sabotage Martin Torrijos's nomination and campaign, believing that his re-election prospects are better if a PRD candidate does not win in 2004. (Comment: The Department revoked EPB's visa in 2000 for alien smuggling, which became a high-profile case in Panama and makes EPB's prospects for re-election even more remote. End Comment.)

Love-Hate

¶13. (C) Observers say that EPB and Martin Torrijos have a love-hate relationship. EPB was instrumental in launching Martin's career but would have tried to control him if he had become president in 1999. Although he is wary of EPB, Martin cannot afford to antagonize EPB and his supporters during an election campaign, and EPB will need Martin's good graces for his future political plans. Therefore the two have been careful not to antagonize each other, despite their mutual mistrust. Observers have given Martin high marks for managing EPB, and for bringing a sizable number of former EPB supporters to his side.

¶14. (C) Martin also reportedly has "bottled up" former EPB cabinet loyalists (and U.S. betes noires) Mitchel Doens and Francisco Sanchez Cardenas, marginalizing them from the party mainstream decision-making process. (Comment: We also understand that ex-EPB foreign ministers Jorge Ritter and Ricardo Alberto Arias, vocal anti-U.S. nationalists who in the late 1990s opposed establishing a U.S.-backed anti-narcotics center in Panama, have put the past behind them and are ready to work with us if the PRD wins. End Comment.)

Worth Watching: A "New" Balbina Herrera

¶15. (C) An ambitious PRD legislator with known presidential ambitions and links to "La Tendencia," Balbina Herrera is a savvy political operator, well on her way to becoming one of the most powerful women in Panama. She is number-two in command of the party and, if Martin is elected president, will become acting secretary general and will gain the ability to control PRD appointments to the government, payroll, and PRD "businesses." Observers speculate that her ambitions may run afoul of Vivian Torrijos, who also will become one of Panama's most powerful women if her husband becomes president.

The Proof is in the Pudding

¶16. (C) Many observers are convinced that Martin Torrijos means what he says about "leading by example." But he cannot govern by himself. As we have repeatedly told PRD leaders, including Torrijos, the U.S. will judge his government (or whoever wins the elections) by the quality of appointments to top positions and by the willingness of these individuals to work with us in areas of mutual interest, especially on security, law enforcement, and trade/investment matters. While we believe Torrijos is truly committed to establishing good relations with us, we are less certain of his ability to deliver quality people in key positions. Nevertheless, we will continue to hammer home the importance that we attach to a mutually beneficial relationship, and that we are prepared to work constructively with whichever party wins on May 2.

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